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C O N F I D E N T I A L ANKARA 001002

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SUBJECT: NO JOY IN ANKARA OVER EU AID FOR TURKISH CYPRIOTS

Classified by Political Counselor Janice G. Weiner, reasons  
1.4 (b) and (d).

¶1. (C) Summary: FM Gul, MFA working levels and Turkish opposition politicians believe that the EU's de-coupling of trade and aid for Turkish Cypriots forecloses any possibility the EU will approve direct trade with the "TRNC," a top Turkish priority. They are also unhappy with the degree of Greek Cypriot control over the aid and what they view as its small amount, although the GOT is unlikely to press Turkish Cypriots to reject the aid. Far from being the gesture to Turkish Cypriots the GOT needs to open its ports and airports to the Republic of Cyprus (ROC), the aid issue may further polarize the sides and is a disappointment in Ankara. End Summary.

FM Gul: De-Coupling "Unacceptable"

¶2. (C) Departing for Doha on February 25, FM Gul expressed surprise at COREPER's aid decision and told reporters de-coupling trade and aid provisions was "unacceptable." Gul pointed out that Turkish aid to the "TRNC" was several times the 139 million Euro package. According to MFA Northeastern Mediterranean Affairs DDG Bilman, Gul later privately called EU term President Austrian FM Plassnik from Doha to express his displeasure over the de-coupling.

MFA: Provision "Kills" Direct Trade

¶3. (C) Bilman reiterated what he has told us for months -- de-coupling "kills" any possibility that the EU will approve direct trade with the "TRNC," which has been a top Turkish priority since the failed 2004 referendum on the island. Bilman pointed to FM Plassnik's February 27 statement that "we have honored our commitment as the EU to the Turkish Cypriot community" as evidence that the EU believes it has done the necessary (and what is doable) and will now not feel obligated to move on the trade regulation.

¶4. (C) Predictably, Bilman also criticized both Greek Cypriot control over the aid and the amount, which he called "peanuts" in comparison to Turkey's annual \$450 million support for the "TRNC." Bilman, the MFA's in-house Cyprus technical expert, assessed EU approval of the regulation as a net negative development for Turkey because trade now appears out of the picture.

¶5. (C) Main opposition Republican People's Party (CHP) MP Inal Batu, a member of parliament's Foreign Affairs Committee and a former Turkish Ambassador to the "TRNC," told us the aid provision is a "setback." Batu, too, is critical of the de-coupling, Greek Cypriot control and the small amount of funding. Turkish media coverage has also been overwhelmingly negative, much of it focusing on perceived continued isolation of Turkish Cypriots.

Turkey Unlikely to Press "TRNC" to Reject  
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¶6. (C) The MFA has in the past threatened to press the "TRNC" to reject EU aid de-coupled from trade or controlled by the Greek Cypriots. According to CHP MP Batu, the GOT should follow through on its threat.

¶7. (C) However, in his February 25 statement, Gul said accepting or rejecting the aid is a decision for the "TRNC." UK Ambassador Westmacott has been urging the MFA not to push the "TRNC" to reject the aid. Bilman predicted to us the GOT will not press the "TRNC" to reject the aid because "it will be blocked anyway" by the Greek Cypriots.

¶8. (C) Comment: The aid issue is almost unanimously viewed in Ankara as a disappointment and another broken EU promise, not the gesture that will give the GOT the political cover to open its ports and airports to the ROC. EU assertions that this is a step forward -- and that this fulfills what GOT officials view as EU promises to Turkish Cypriots -- will get a chilly reception here. End Comment.  
WILSON